

FISCAL NOTE

HB 902 - SB 1038

March 14, 2007

SUMMARY OF BILL: Requires the licensing and regulation of scrap metal dealers. Establishes certain standards for the buying and selling of scrap metal. Violations are punishable as a Class A misdemeanor, as a Class E felony and through civil penalties.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - \$36,000 One-Time
\$12,000 Biennially Beginning in Year 4
Increase State Expenditures - \$70,000 Recurring
\$30,000 One-Time
\$2,200 / Incarceration*

Increase Local Govt. Revenues – Not Significant
Increase Local Govt. Expenditures – Not Significant

Assumptions:

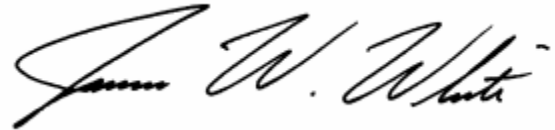
- Approximately 120 scrap metal dealers will pay an initial fee of \$300 for a three year license. In year four they will begin to pay a biennial renewal fee of \$100. The revenues generated by the fees as set in the bill will not cover expenditures and will put the program in non-compliance with TCA 4-29-121.
- The Department of Commerce and Insurance will need one position to license and audit scrap metal dealers.
- A recurring increase in state expenditures for the salary, benefits and operational expenses for one position and a one-time increase in state expenditures for a vehicle, office furnishings and computer equipment.
- One Class E felony conviction every three years with 0.3 years time served (109.58 days). The annualized time served per conviction is 36.16 days (0.33 number of annual convictions x 109.58 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2007 is \$60.16. The annualized cost per conviction is \$2,175.39 (0.33 x 109.58 x \$60.16).
- No significant incarceration cost increase will occur due to population growth in this period.

- There will not be a sufficient number of prosecutions for local governments to experience any significant increase in revenues or expenditures.

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director